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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

Volume IX, Number 12 August 9, 1985

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST SIX MONTHS OF 1985

Product	Jan-May 1985	% Jan-May 84 over Jan- May 85
Electricity (bil.kw.hrs)	775	103
Petroleum (inc. gas condensate) (mil.tons)	295	96
Natural Gas (bil.cu.mtrs)	316	110
Coal(mil.tons)	363	100.5
Steel (mil.tons)	75.6	97
Fertilizer (mil.tons)	16.1	103
Metal-cutting tools (mil. rubles)	1288	108
Robots (1000s)	7.0	99.4
Computer Technology (bil. rubles)	2.0	111
Tractors (mils.)	26.2	104
Paper (mil. tons)	2.9	99.7
Cement (mil. tons)	63.6	98
Meat(mil. tons)	5.3	103
Margerine (1000 tons)	741	97
Watches(mils.)	33.3	99.1
Radios(mils.)	4.2	92
Television sets (mils.)	4.6	103
Automobiles (1000s)	658	99.4

PRODUCTION FIGURES FOR THE FIRST HALF OF 1985

With the exception of oil, production seems to be improving. For example, coal production for June 1985 was up 3% over the preceeding year. For the whole six month period of course, coal production is just up .5 of a percent, but the important thing is that on a month by month basis, Gorbachev's discipline campaign seems to be working. The same results appear in the steel industry. Production for June 1985 in the steel industry is up 1.6%. This pulls the overall production for the six months up a bit, even though on a six month basis production is only 97% of what it was a year ago for the six months.

One noteable exception, as mentioned earlier, is in the petroleum industry. There, production for the whole six month period is down 4%. For June alone, however, there is some indication that production was down 5%, somewhat more than the overall average. These figures are imprecise, due to rounding off. We don't know what the precise figure was for June 1985. We can only obtain an estimate using a residual figure.

Nonetheless, the Russians still have something to worry about in the petroleum industry. So far, for the twelve months as a whole, production is down 12 million tons. Assuming that production beginning in July is exactly the same as it was in

July 1984 and continues to exactly equal what it had been for the remainder of the year, that would mean that production for all of 1985 would just barely equal 600 million tons or 12 million barrels a day. If production should continue to drop as it has (by 4%) for the rest of the year, then that would mean that production would fall under 600 million tons and would equal approximately 586 or 587 million tons, which would be then 11.5 or 11.75 million barrels a day.

CORPORATE SPONSOR SERIES BEGINS

The first Corporate Sponsor session for the year will be held in Cambridge on October 21, Monday, at the Harvard Faculty Club, 20 Quincy Street, in Cambridge. This year, as we did two years ago, we will take a look at Soviet agriculture, and the prospects for reform inside the country and the Soviet need for grain imports. We have already arranged for representatives from some of the grain companies to present their views of the grain market. We also expect to have specialists and officials from the Department of Agriculture as well as some traders from other grain growing countries. The full program will be included in the September Newsletter.

CURRENCY FIGURES

Rubles Purchased Per 100	July 1984	June 1985	July 1985
Austrian shilling	4.12	3.96	4.08
U.K. pound	107.80	108.73	114.23
W. German mark	28.93	27.81	28.69
U.S. dollar	82.50	86.10	82.30
French franc	9.43	9.13	9.44
Japanese yen	.340	.345	.345
Italian lira	.0472	.0438	.0442
Swiss franc	34.42	33.03	34.46

According to the report released by Gosbank for June 1985, all currencies increased, relative to the ruble, over the last month, with the exception of the U.S. dollar. The Japanese yen remained the same. Over the last year, the Swiss franc and the French franc increased slightly, while the Austrian shilling, West German mark, U.S. dollar, Italian lira all decreased. The U.K. pound increased by 7 rubles.

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, **Marshall I. Goldman and Jean Monahan.** RRC © 1985

ANNUAL JOURNALIST ORIENTATION

The Orientation for Journalists this year will be held September 23, Monday, at the Harvard Faculty Club, 20 Quincy Street in Cambridge. The focus this year will be on the Soviet Union as it prepares for the Geneva summit meeting between President Ronald Reagan and General Secretary Mikhail Gorbachev. In addition to the usual discussion of political, social and economic developments, there will be special presentations on arms control by academic specialists. The special guests from the media will be Dusko Doder, who will be returning from his post as Bureau Chief of the **Washington Post** in Moscow, Bernard Gwertzman, formerly in Moscow, now covering the State Department in Washington for the **New York Times**, and Stuart Loory, currently assigned to Moscow for Cable Network News. The full program is included with this Newsletter, as well as an application form.

In years past each of our Journalist conferences was followed by the death of the then General Secretary of the Communist Party. The odds are that this year we won't be quite so timely. Nonetheless, this should provide a useful background to Soviet abilities and concerns as it moves into the summit discussions at Geneva.

This is Jean Monahan's last Newsletter. Jean leaves to attend graduate school in Creative Writing at Columbia University. We wish her well, and express our thanks for her help during these last two years.

Her replacement will be Gary Eynatian. I hope he has the patience that Jean has had as we begin our 10th year of publishing next month.

Marshall I. Goldman

FROM TRADE SURPLUS TO TRADE DEFICIT

In a surprising turnaround, Soviet foreign trade with the hard currency countries during the first quarter of 1985, registered a sharp deficit. Whereas the Soviets had only a very small trade deficit in the first quarter of 1984 of 100 million rubles, that shifted to almost a 2 billion dollar deficit during the first quarter of this year.

This sharp turnabout is accounted for primarily by the fact that Soviet exports, which were over 4 billion rubles in the first quarter of 1984, fell by 1.2 billion rubles during the first quarter of 1985. Also, there was an increase in grain exports, particularly from the United States. This increase in grain exports from the U.S. by about 300 million dollars, was more than enough to offset what otherwise would have been a fairly flat level of imports into the Soviet Union. This flat level of imports also helps to explain why the West European countries and the Japanese have been complaining about the Soviet refusal to import more from them.

The main explanation for the drop in Soviet exports is that the Soviets declared **force majeure** on their oil and some of their natural gas exports during the first quarter of 1985. This was largely a consequence of the very cold weather. It is also the case of course that production of petroleum has been dropping. There is good reason to believe, however, that it was not the drop in production as much as the need to burn more energy at home and the freezing of supply line equipment, which provoked the curtailment of petroleum exports. After all, natural gas production increased sharply, nonetheless, gas exports were also curbed, again largely because the gas was used at home.

There is every reason to believe that subsequently, petroleum exports increased. We will have to wait to receive the second quarter figures to confirm that, but given the fact that the Russians have again begun to cut petroleum prices in the world market, there is good reason to believe that they are back looking for customers.

LIVESTOCK HERDS

(Millions)

	7/1/84	7/1/85	7/1/85 as a % of 7/1/84
Cattle	98.2	98.4	100.2
Cows	29.9	29.7	99.3
Hogs	60.3	57.9	96.0
Sheep & Goats	143.7	138.9	96.7
Chickens	777.5	791.1	101.7

LIVESTOCK HERDS SHOW LITTLE CHANGE FROM LAST MONTH

The livestock herds, as indicated in the accompanying table, have changed little since June 1, 1985. The July 1st levels are approximately the same, although pig herds show a very slight drop which is offset to some extent by the increase in chickens and the slight increase in goats and sheep. Nonetheless it is still below what it was on July 1, 1984.

BALANCE OF TRADE - 1st QUARTERS OF 1981, 1982, 1983, 1984 1985

(Million Rubles)

	EXPORTS FROM THE USSR					IMPORTS TO THE USSR				
	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985
Austria	189	196	149	167	142	137	119	188	230	166
Belgium	105	280	230	194	178	125	198	152	142	149
Great Britain	148	219	227	307	252	300	169	208	183	166
Greece	99	121	36	84	107	30	37	35	32	27
Denmark	31	94	68	60	61	108	29	19	36	21
Spain	65	30	68	54	47	131	61	84	65	107
Italy	474	589	745	721	388	247	292	392	294	302
Netherlands	189	317	378	371	103	158	142	129	58	68
Norway	20	9	10	29	10	20	17	18	27	15
Germany	477	1001	851	1119	773	722	744	940	800	838
France	485	471	432	572	407	468	348	491	473	509
Switzerland	15	87	139	83	71	181	118	121	90	134
Sweden	30	66	116	129	83	105	101	72	67	79
Japan	201	187	196	195	208	609	801	654	520	570
SUBTOTAL	2528	3667	3645	4058	2830	3391	3176	3503	3017	3151
Sub-Balance of Trade						-863	+491	+142	+1041	-321
U.S.A.	12	23	54	83	75	573	980	526	580	1005
Canada	17	7	4	3	6	137	148	243	86	84
Australia	2	2	1	5	1	252	130	202	137	202
New Zealand	1	2	1	1	—	50	109	88	22	23
Argentina	12	8	7	6	12	349	310	367	323	296
Brazil	2	44	4	42	24	138	148	93	161	57
TOTAL	2574	3753	3716	4225	2948	4890	5001	5022	4326	4818
Balance of Trade						-2316	-1248	-1306	-101	-1870

Gorbachev solidifies his power

Kremlin leader shuffles high command, ousts his chief rival Romanov

By Marshall I. Goldman
Special to The Globe

Soviet leader Mikhail Gorbachev's display of political power at last week's session of the Central Committee of the Soviet Communist Party and the Supreme Soviet confirmed not only his full command over the Politburo, which came as no surprise, but also his ability to move with a speed unmatched by any of his predecessors.

In the past, new general secretaries of the Communist Party, even Stalin, proceeded cautiously to shore up their political base. Only several years later would the general secretary feel bold enough to purge his rivals or potential opponents. Within four months of asserting overt power, Gorbachev has managed not only to throw out his most serious rival, but to stack the Politburo and the Secretariat so that his supporters are firmly in charge.

Prior to Konstantin Chernenko's death, it was taken for granted that the only serious candidate for general secretary, other than Gorbachev, was Grigory Romanov. Only Romanov also was a member of both the Politburo and the Secretariat, hitherto a prerequisite for selection to the No. 1 job.

Last week, Romanov was formally purged, as the saying goes, "for reasons of health." Considering that, at age 62, Romanov was one of the younger members of the Politburo and that until his disappearance from view in May there were no signs of poor physical health, it was probably his "political health" that they had in mind. By removing Romanov, this way and so soon, Gorbachev has demonstrated that he is in charge and that, as in the days of Stalin, Nikita Khrushchev and Leonid Brezhnev, there is no room in the Soviet system for "a loyal opposition."

Oblivion no longer means what it did under Stalin, but we will probably not hear too much more from Romanov, and, for that matter, from others still in the Politburo who, because of age and of political indiscretion, are equally dispensable.

This also suggests that the Yuri Andropov and Konstantin Chernenko tenures, when rivals (Chernenko and Gorbachev) were not purged, were abnormal. The abnormality was due to the fact that neither Andropov nor Chernenko was strong enough to purge rivals. The balance was so close under Chernenko that even though the Politburo had shrunk to only 11 members, the group was apparently unable to agree on any new appointments.

How did Gorbachev accumulate so much power so quickly? We now know that he had taken effective control of the Politburo before Chernenko's death in March. This was confirmed by Andrei Gromyko, who reported that Gorbachev had assumed the acting chairmanship of the Politburo while Chernenko was hospitalized, as well as by the speed with which Gorbachev's appointment was formally announced after Chernenko's death, instead of a day or two that is normally required to pick a successor. Gorbachev's selection was announced within five hours – so quickly, in fact, that Soviet papers ran his picture on the front page rather than the deceased's, which is normally the case.

Two unexpected moves

The one event of the week that was truly unexpected, even bizarre, in the view of Kremlinologists, was the appointment of Eduard Shevardnadze as minister of foreign affairs. Shevardnadze replaces that old rock, Andrei Gromyko, who was seemingly kicked upstairs and made president of the Supreme Soviet, traditionally a ceremonial post.

Instead of making Andrei Gromyko president of the Supreme Soviet, it had been expected that Gorbachev would award the title to himself. The General Secretary of the Communist Party, the effective head of the Soviet Union, has worn both hats since Brezhnev put them on in 1977. When Andropov and Chernenko picked up the additional titles a few months after their appointment as general secretary, Kremlinologists assumed that the practice would continue.

What explains Gorbachev's failure to pick up this extra honor? There is little to indicate that Gorbachev lacked the power to do so. Gorbachev now has eight to nine votes out of the 13 in the Politburo that he can count on in any showdown. Following in the footsteps of his mentor, Andropov, Gorbachev has been busy purging regional party and government leaders, those who make up the Central Committee of the Communist Party. Now approximately 30 percent of the party's secretaries are brand new and beholden to Gorbachev.

The explanation for Gorbachev's reticence is probably just what Gorbachev has stated publicly. He wants to concentrate his attention on preparing the next Five Year Plan, due in 1986, and on drawing up and implementing economic reforms. As president of the Supreme Soviet, he would have to divert a good deal of his effort to even more ceremonial appearances that he must make now.

That also seems to be the reason for his unwillingness to meet with President Reagan in the United States. It would be all but impossible to restrict such a meeting to the two- or three-day span now planned for Geneva. By the time Gorbachev had made all the obligatory visits to New York, Washington, Camp David and California, he would have lost at least a week's time, and probably more, from his work on the economy.

That is not to say that Gorbachev would not like to assume the post in a few year. What better strategy then to appoint the next-to-the-oldest member of the Politburo, the 75-year-old Gromyko as president? (The oldest member of the Politburo, Nikolai Tikhonov, 79, already is spoken for – he is the prime minister – at least for a while.) Even allowing for Gromyko's relatively good health, the mortality odds are that the job will turn over in good time. In the meantime, Gorbachev will have had a chance to reward one of his staunchest supporters from the Old Guard. It was Gromyko, after all, who officially nominated Gorbachev to the post of General Secretary. Not only was Gromyko unusually forthcoming in his praise for Gorbachev, but Gromyko's support ensured that Grigory Romanov could not count on the entire Old Guard, some of whom had apparently become nervous about Gorbachev's promised crackdown on corruption and inefficency.

While Gromyko may have had some regret over forsaking a job he had managed well for 28 years, he probably welcomes the promotion. At his age, travel becomes more difficult. Besides, as president of the Supreme Soviet, he will continue to involve himself with foreign leaders and concerns. More important, his new post will not only assure him of more asterisks after his name on any leadership list, but a burial place behind Lenin's Tomb, rather than a somewhat more pedestrian slot in the Kremlin Wall.

Why Shevardnadze?

What remains to be explained, however, is Gorbachev's decision to appoint Shevardnadze as the minister of foreign affairs. Until this week, he was only the general secretary of the Communist Party in the Republic of Georgia. That meant that most of his time was spent not in Moscow, where he was also a candidate member of the Politburo, but in Georgia, and most of his attention was devoted to dealing with local Republic of Georgia politics. Except for a rare once-a-year trip to places like Portugal or Algeria, Shevardnadze had almost no experience dealing with foreign affairs outside the Communist bloc. His appointment was comparable to appointing the governor of Georgia to be the American secretary of state. We did something like that once, and the results were not the best.

Why then make such an appointment? For the United States, the question is particularly important, because it will be Shevardnadze, just as Gromyko before him, who will be the Politburo member who will deal most with the United States. To some extent, as president of the Supreme Soviet, Gromyko can continue to be involved and attend diplomatic conferences in Moscow as well as summit-type meetings in Geneva.

But to an outsider, it would have seemed to have made more sense if someone professional had been selected from the foreign service. This, after all, was what happened when Gromyko himself was plucked out of the professional service and installed as a full member of the Politburo without serving as a candidate member. For example, Gorbachev could have picked Anatoly Dobrynin, the Soviet ambassador to the United States.

It may be that, at 65, Dobrynin is too old, particularly given the reports that he has some health problems. More likely, it is that Gorbachev wanted a more experienced political man in charge, someone who had already had at least candidate status in the Politburo. If that was a consideration, then Shevardnadze is a more logical candidate than any of the other full or candidate members of the Politburo.

There is also the strong hint that Gorbachev does not want anyone with too much experience dealing with foreign affairs. Compared to Shevardnadze, Gorbachev actually has had more travel and dealings outside the bloc. This suggests that, ultimately, Gorbachev wants to play a very active role in foreign policy. However, that is unlikely to happen for some time – at least until Gorbachev tries his hand at economic reform.

In the meantime, US-Soviet relations will pass through a new phase. It will be the American side that will now have the experienced negotiators – not the Soviets. In all likelihood, the Soviet side will be as stubborn as ever, but this could herald a somewhat less dogmatic stance by Soviet negotiators. On July 31, when Secretary of State George Shultz and Shevardnadze meet for the first time in Helsinki, we will have a chance to judge.

Marshall I. Goldman is professor of economics at Wellesley College.

This article appeared in the July 7, 1985 issue of the Boston Globe, on page 64.

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HARVARD

RRC NEWSLETTER

RUSSIAN RESEARCH CENTER

THIS ISSUE BEGINS OUR TENTH YEAR OF PUBLICATION

Those with sharp eyes (and given the corrections that come from our readers so frequently, it seems that all our readers have) will notice that this issue marks our tenth year of publishing this Newsletter. Despite our expectations, our circulation remains somewhat less than that of the Wall Street Journal and the New York Times. Nonetheless, we can tell from the calls and letters we get when an issue is unusually late, that there are those who have come to read it with regularity and use it for their own work.

Given the modesty of the operation, the fact that it has lasted this long is testimony more to stubbornness than to an overabundance of resources. Certainly, ten years ago no one seriously expected that we would last this long. But we have never missed an issue (perhaps we were not always so punctual) though some issues have been thinner and contained more mistakes than others. But no one has sued us yet for malpractice.

For those who have stuck with us all these years, we appreciate all of your support and, as always, we welcome your suggestions and criticisms. We would also welcome any suggestions as to what we should be doing differently and better. Contributions of short articles, not only in the form of corrections but in terms of new thoughts, would also be most welcome.

All in all, it's been fun and who knows, maybe there will even be a twentieth anniversary issue.

For those who like to deal in the past, we enclose a reproduction of our first issue.

CORPORATE SPONSOR SERIES BEGINS WITH SEMINAR ON AGRICULTURE

Soviet agriculture, the prospects for its reform, and the Soviet need for grain imports will be the topics discussed at this year's first Corporate Sponsor session of the academic year.

It will be held in Cambridge on Monday, October 21, at the Harvard Faculty Club, 20 Quincy Street, in Cambridge.

Representatives from some of the grain companies will present their views of the grain market. We also expect to have specialists and officials from the Department of Agriculture as well as some traders from other grain growing countries. Of particular interest will be the representatives from Canada and perhaps Argentina. In addition, we will have a speaker who actually worked on a Soviet farm as part of a 4-H exchange agreement and who will just be returning from a tour of duty as agricultural attache in the U.S. Embassy in Moscow.

Enclosed is the preliminary program indicating those who have already agreed to speak. We expect that there will be one or two additional speakers who have yet to confirm their attendance. An application form for the seminar is included with this Newsletter.

KEEP US INFORMED

Please let us know if you would like to stop receiving this Newsletter or if there is a change of your address which we should know about.

Send changes to:

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CURRENCY FIGURES

Rubles Purchased Per 100	Aug 1984	July 1985	Aug 1985
Austrian shilling	4.09	4.08	4.15
U.K. pound	108.72	114.23	112.76
W. German mark	28.71	28.69	29.19
U.S. dollar	83.15	82.30	81.30
French franc	9.36	9.44	9.55
Japanese yen	.338	.345	.342
Italian lira	.0467	.0442	.0435
Swiss franc	33.75	34.46	35.33

According to the report released by Gosbank as of August 16 1985, all of the currencies listed above varied only slightly from last months figures. There is no appreciable change worth noting in fact. The dollar decreased slightly, relative to the ruble, moving from 82.30 rubles per 100 dollars in July to 81.30 rubles per 100 dollars in August.

LIVESTOCK HERDS (Millions)

	8/1/84	8/1/85	7/1/85 as % of 7/1/84	8/1/85 as % of 8/1/84
Cattle	97.9	97.9	100.2	100.0
Cows	29.8	29.6	99.3	99.3
Hogs	61.8	59.4	96.0	96.1
Sheep & Goats	139.4	135.3	96.7	97.1
Chickens	786.7	803.3	101.7	102.1

LIVESTOCK CHANGES SLIGHT - MORE CHICKENS

Whatever the explanation, the livestock herds as a whole are lower than they were on August 1, 1984. There are some contradictory swings in the size of the different herds, but except for chickens, everything else is lower than it was last year. However, there is a slight improvement from last month's figures.

SOVIET BALANCE OF TRADE WITH EASTERN EUROPE

The Soviet balance of trade with Eastern Europe for the first quarter of 1985 shows a drop in the Soviet trade surplus compared to the first quarter of 1984. This is largely due to the fact that Bulgaria, Czechoslovakia, Hungary, and Romania which in 1984 had trade deficits with the Soviet Union, now have trade surpluses for the first three months of the year. Offsetting that, although not enough to influence the overall trend, is the fact that the Soviet Union's trade surplus with Poland increased from what it had been for the first quarter a year ago.

see table p.4

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST SEVEN MONTHS OF 1985

The main focus of attention in industrial production remains crude oil output. Production for whole seven month period, as well as for the month of July, is 4% below what it was the preceding year. Given that the figure for June 1985 could be interpreted as a drop of 5% below what had been the case a year earlier, the fact that it is now back to 4% should be somewhat reassuring.

A look at the other figures suggests that on the whole, production is improving above what it was a year ago. Again, the temptation is to attribute this to Gorbachev's campaign to increase production and to crack down on alcoholism. The results are most evident in looking at coal production for the month of July. On a month-to-month basis, production is up 2.7% over what it had been in July 1984. That suggests that the marginal rate of improvement is greater than for the average rate which shows that for the whole seven months, production is up .8% . The same improvement is shown in the steel industry. On a July-July basis, production is up 1.6%, whereas for the whole seven months, production is down 2%.

The only other areas worthy of note is meat where it looks, at least superficially, that production of meat in July was the same as it was a year ago. It is also worth mentioning that robot production (however it's defined by the Soviets) is less during the first seven months of this year than it was last year.

table →

INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST SEVEN MONTHS OF 1985

Product	July 1985	Jan.-July 1985	% Jan.-July 85 over Jan.-July 84
Electricity (bil.kw.hrs)	116	891	104
Petroleum (inc. gas condensate) (mil.tons)	50.2	346	96
Natural Gas (bil.cu.mtrs)	51.7	368	110
Coal(mil.tons)	60.4	423	100.8
Steel (mil.tons)	13.1	88.7	98
Fertilizer (mil.tons)	2.8	18.9	105
Metal-cutting tools (mil. rubles)	221	1513	109
Robots (1000s)	1.1	8.2	99
Computer Technology (bil. rubles)	0.3	2.3	111
Tractors (mils.)	4.4	30.6	104
Paper (mil. tons)	0.5	3.4	100.4
Cement (mil. tons)	11.3	74.9	99
Meat (mil. tons)	0.7	5.4	103
Margerine (1000 tons)	33.1	774	97
Watches (mils.)	5.8	39.0	100.1
Radios (mils.)	0.7	5.0	93
Televisions (mils.)	0.8	5.4	104
Automobiles (1000s)	115	772	100.1

ANNUAL JOURNALIST ORIENTATION

The registration for the conference "Orientation for Journalists," to be held September 23, Monday, at the Harvard Faculty Club, 20 Quincy Street in Cambridge, is unusually heavy. The focus this year will be on the Soviet Union as it prepares for the Geneva summit meeting between President Ronald Reagan and General Secretary Mikhail Gorbachev. We expect to have a full house. What is particularly interesting is that many foreign correspondents, from offices in the United States and their home countries, will be attending.

In addition to the usual discussion of political, social and economic developments, there will be special presentations on arms control by academic specialists. The special guests from the media will be Dusko Doder, who will be returning from his post as Bureau Chief of the **Washington Post** in Moscow, Bernard Gwertzman, formerly in Moscow, now covering the State Department in Washington for the **New York Times**, and Stuart Loory, currently assigned to Moscow for Cable Network News.

This should provide a useful background to Soviet abilities and concerns as it moves into the summit discussions at Geneva.

U.S. TRADE BALANCE WITH EASTERN EUROPE

The United States continues to show a trade deficit with Eastern Europe. As a look at the figures suggest, the main explanation for that is that we have been importing large quantities of naphtha. This comes largely from Romania. However even were we to stop importing naphtha, the trade imbalance would still be very large. We import twice as much from Eastern Europe as we export to it.

see tables pp. 5-8

THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, **Marshall I. Goldman and Gary Eynatian.** **RRC @ 1985**